

MONTANA LEGISLATIVE HISTORY

Chapter 464 19 99

Bill H _____ S 502

Original bill & history ☒ C

H. Committee on Taxation

Hearing Date(s) 3/31 ☒ C

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_____ C

_____ C

Date Out _____ C

S. Committee on Taxation

Hearing Date(s) 3/5 ☒ C

3/10 ☒ C

_____ C

_____ C

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

LEGISLATIVE HISTORIES

The 1997 Montana Legislature dramatically changed the nature of legislative minutes. This altered format continues with the 1999 legislative minutes. The minutes from House committees are extremely sparse in content, offering no substantive information from which to glean legislative intent. The Senate committees' minutes are fuller in content.

Exhibits, which include written statements, attendant information, roll call votes, roll call attendance, a list of those from the public who were present, and specific action taken on legislative bills, will be available only through the Historical Society Archives, 444-4774, and from a CD-ROM produced by the Legislative Services Division, 444-3064.

Just as in the 1997 legislative session, the 1999 House and Senate committee hearings were recorded. For information on accessing the tapes, or purchasing them, contact the Archives, 444-4774.

If you have concerns over the format of these legislative minutes, it is suggested that you contact your state legislators.

SENATE BILLS AND RESOLUTIONS

277

3/26	Hearing		
3/30	Committee Executive Action--Bill Concurred as Amended	13	7
3/30	Committee Report--Bill Concurred as Amended		
4/07	2nd Reading Concurred	73	24
4/08	3rd Reading Concurred	83	17
	Returned to Senate with Amendments		
4/13	2nd Reading House Amendments Concurred	50	0
4/14	3rd Reading Passed as Amended by House	50	0
4/14	Sent to Enrolling		
4/16	Returned from Enrolling		
4/19	Signed by President		
4/20	Signed by Speaker		
4/20	Transmitted to Governor		
4/30	Signed by Governor		
5/04	Chapter Number Assigned		
	Chapter Number 553		
	Effective Date: 1/01/2000 - All Sections		

SB 501 Introduced by Hertel

LC1764 Drafter: B. Campbell

Create a Mausoleum-Columbarium Act Providing for the Establishment and Regulation of Nonprofit Mausoleum-Columbarium Authorities in this State

2/15	Introduced and 1st Reading		
2/15	Referred to Business and Industry		
2/15	Fiscal Note Requested		
2/18	Fiscal Note Received		
2/18	Fiscal Note Signed		
2/19	Fiscal Note Printed		
2/19	Hearing		
2/20	Committee Executive Action--Bill Passed as Amended	7	0
2/20	Committee Report--Bill Passed as Amended		
2/23	2nd Reading Passed	49	0
2/24	3rd Reading Passed	49	0
	Transmitted to House		
3/02	Referred to Business and Labor		
3/23	Hearing		
3/23	Committee Executive Action--Bill Concurred	18	0
3/24	Committee Report--Bill Concurred		
3/27	2nd Reading Concurred	96	3
3/29	3rd Reading Concurred	91	9
	Returned to Senate		
3/30	Sent to Enrolling		
3/30	Returned from Enrolling		
3/31	Signed by President		
4/01	Signed by Speaker		
4/06	Transmitted to Governor		
4/08	Signed by Governor		
4/10	Chapter Number Assigned		
	Chapter Number 283		
	Effective Date: 10/01/1999 - All Sections		

SB 502 Introduced by Grosfield

LC1143 Drafter: Petesch

Generally Revise Laws Relating to Hard-rock Mining Impacts;...

12/04	Fiscal Note Needed		
2/16	Introduced and 1st Reading		
2/16	Referred to Taxation		
3/05	Hearing		
3/10	Committee Executive Action--Bill Passed as Amended	9	0
3/10	Committee Report--Bill Passed as Amended		
3/13	2nd Reading Passed	47	0
3/15	3rd Reading Passed	49	0
	Transmitted to House		
3/16	Referred to Taxation		
3/31	Hearing		
3/31	Committee Executive Action--Bill Concurred	19	0
3/31	Committee Report--Bill Concurred		
4/08	2nd Reading Concurred	95	4
4/09	3rd Reading Concurred	94	4
	Returned to Senate		
4/09	Sent to Enrolling		
4/13	Returned from Enrolling		
4/15	Signed by President		
4/16	Signed by Speaker		
4/16	Transmitted to Governor		
4/22	Signed by Governor		
4/23	Chapter Number Assigned		
	Chapter Number 464		
	Effective Date: 4/22/1999 - All Sections		

SB 503 Introduced by Ellingson, et al.

LC1407 Drafter: MacMaster

Provide That If There Is a Jury Trial in a Case in Which the Death Penalty May Be Imposed, the Judge May Impose the Death Penalty Only If the Jury Has Unanimously Recommended the Imposition of the Death Penalty;...

2/16	Introduced and 1st Reading		
2/16	Referred to Judiciary		
2/16	Fiscal Note Requested		
2/18	Hearing		
2/19	Fiscal Note Received		
2/19	Committee Executive Action--Bill Passed as Amended	6	1
2/19	Committee Report--Bill Passed as Amended		
2/20	Fiscal Note Signed		
2/20	Fiscal Note Printed		
2/22	2nd Reading Passed	29	20
2/23	3rd Reading Passed	31	18
	Transmitted to House		
3/02	Referred to Judiciary		
3/11	Hearing		
3/26	Committee Executive Action--Bill Concurred	10	9
3/27	Committee Report--Bill Concurred		
3/29	2nd Reading Concur Motion Failed	43	55

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S. BILL NO. 502

INTRODUCED BY

(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATING TO HARD-ROCK MINING IMPACTS; PROVIDING THAT TAX PREPAYMENTS ARE POTENTIALLY REIMBURSABLE IMPACT PAYMENTS; PROVIDING THAT INCREASES IN TAXABLE VALUATION ARE ATTRIBUTABLE TO IMPROVEMENTS; PROVIDING THAT INCREASES IN LOCAL GOVERNMENT REVENUE RESULTING FROM THE ALLOCATION OF TAXABLE VALUE ARE ATTRIBUTABLE TO PROPERTY IMPROVEMENT; PROVIDING THAT A PAYMENT GUARANTEE FOR A FACILITY IMPACT BOND MUST BE MADE THROUGH A THIRD-PARTY FINANCIAL INSTITUTION; CLARIFYING THE MINIMUM ALLOCATION OF TAXABLE VALUATION OF GROSS PROCEEDS TO UNITS OF LOCAL GOVERNMENT; REVISING THE ALLOCATION OF THE METAL MINES LICENSE TAX; REVISING THE TIME AND MINIMUM DISTRIBUTION OF REVENUE TO TRUST ACCOUNTS; PROVIDING A CONTINGENT VOIDNESS PROVISION; AMENDING SECTIONS 15-37-117, 90-6-302, 90-6-309, 90-6-310, 90-6-331, 90-6-402, 90-6-403, AND 90-6-404, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-37-117, MCA, is amended to read:

"15-37-117. Disposition of metalliferous mines license taxes. (1) Metalliferous mines license taxes collected under the provisions of this part must, in accordance with the provisions of 15-1-501, be allocated as follows:

(a) to the credit of the general fund of the state, 58% of total collections each year;

(b) to the state special revenue fund to the credit of a hard-rock mining impact trust account, ~~4.5%~~ 2.5% of total collections each year;

(c) to the orphan share state special revenue account established in 75-10-743, 8.5% of total collections each year;

(d) to the ground water assessment account established in 85-2-905, 2.2% of total collections each year;

(e) to the reclamation and development grants program state special revenue account, 4.8% of

1 total collections each year; and

2 (f) on or before June 1, to the county or counties identified as experiencing fiscal and economic
3 impacts, resulting in increased employment or local government costs, under an impact plan for a
4 large-scale mineral development prepared and approved pursuant to 90-6-307, in direct proportion to the
5 fiscal and economic impacts determined in the plan, or, if an impact plan has not been prepared, to the
6 county in which the mine is located, ~~25%~~ 24% of total collections each year, to be allocated by the
7 county commissioners as follows:

8 (i) not less than ~~40%~~ 37.5% to the county hard-rock mine trust reserve account established in
9 7-6-2225; and

10 (ii) all money not allocated to the account pursuant to subsection (1)(f)(i) to be further allocated
11 as follows:

12 (A) 33 1/3% is allocated to the county for planning or economic development activities;

13 (B) 33 1/3% is allocated to the elementary school districts within the county that have been
14 affected by the development or operation of the metal mine; and

15 (C) 33 1/3% is allocated to the high school districts within the county that have been affected
16 by the development or operation of the metal mine.

17 (2) When an impact plan for a large-scale mineral development approved pursuant to 90-6-307
18 identifies a jurisdictional revenue disparity, the county shall distribute the proceeds allocated under
19 subsection (1)(f) in a manner similar to that provided for property tax sharing under Title 90, chapter 6,
20 part 4.

21 (3) The department shall return to the county in which metals are produced the tax collections
22 allocated under subsection (1)(f). The allocation to the county described by subsection (1)(f) is a statutory
23 appropriation pursuant to 17-7-502."

24

25 **Section 2.** Section 90-6-302, MCA, is amended to read:

26 **"90-6-302. Definitions.** In this part, the following definitions apply:

27 (1) "Board" means the hard-rock mining impact board established in 2-15-1822.

28 (2) "Bonds" include bonds, notes, warrants, debentures, certificates of indebtedness, temporary
29 bonds, temporary notes, interim receipts, interim certificates, and all instruments or obligations evidencing
30 or representing indebtedness or evidencing or representing the borrowing of money or evidencing or

1 representing a charge, lien, or encumbrance on specific revenues, special assessments, income, or
2 property of a political subdivision, including all instruments or obligations payable from a special fund.

3 (3) "Facility" means a facility that is owned, operated, or maintained by a local government unit
4 and that, under the impact plan submitted under the provisions of 90-6-307, can be expected to have
5 increased capital and operating costs as a result of the large-scale mineral development.

6 (4) "Large-scale mineral development" means the construction or operation of a hard-rock mine
7 and the associated milling facility for which a permit is applied for under 82-4-335 ~~on or after May 18,~~
8 ~~1981~~, and for which the average number of persons on the payroll of the mineral developer and of
9 contractors at the mineral development exceeds or is projected to exceed 75 for any consecutive 6-month
10 period. A mining operation that would qualify as a large-scale mineral development under this subsection
11 is not a large-scale mineral development if the mine owner and operator are small miners as defined in
12 82-4-303.

13 (5) "Local government unit" means a county, city, town, school district, or any of the following
14 independent special districts:

- 15 (a) rural fire district;
- 16 (b) public hospital district;
- 17 (c) refuse disposal district;
- 18 (d) county water and sewer district;
- 19 (e) county water district;
- 20 (f) county sewer district; or
- 21 (g) park district.

22 (6) (a) "Property tax prepayment" means a potentially reimbursable impact payment made by the
23 developer of a large-scale mineral development to the impact fund of an affected unit of local government
24 pursuant to an approved impact plan to be expended for the purpose or purposes identified in the plan.

25 (b) The term does not mean a payment or prepayment of property taxes for general distribution
26 among funds or accounts."

27

28 **Section 3.** Section 90-6-309, MCA, is amended to read:

29 **"90-6-309. Property tax prepayment -- large-scale mineral development.** (1) After permission
30 to commence operation is granted by the appropriate governmental agency, and upon request of the

1 governing body of a county in which a facility is to be located, a person intending to construct or locate
2 a large-scale mineral development in this state shall prepay property taxes as specified in the impact plan.
3 This prepayment shall exclude the 6-mill university levy established under 20-25-423 and may exclude
4 the mandatory county levies for the school BASE funding program established in 20-9-331 and 20-9-333.

5 (2) The person who is to prepay under this section is not obligated to prepay the entire amount
6 established in subsection (1) at one time. Upon request of the governing body of an affected local
7 government unit, the person shall prepay the amount shown to be needed from time to time as
8 determined by the board.

9 (3) The person who is to prepay shall guarantee to the hard-rock mining impact board, through
10 an appropriate financial institution, as may be required by the board, that property tax prepayments will
11 be paid as needed for expenditures created by the impacts of the large-scale mineral development.

12 (4) When the mineral development facilities are completed and assessed by the department of
13 revenue, they are subject during the first 3 years and thereafter to taxation as all other property similarly
14 situated, except that in each year after the start of production, the local government unit that received
15 a property tax prepayment shall provide for repayment of prepaid property taxes in accordance with
16 subsection (5).

17 (5) A local government unit that received all or a portion of the property tax prepayment under
18 this section shall provide for tax crediting as specified in the impact plan, except that school districts must
19 use the method specified in subsection (6). ~~The~~ However, tax credit allowed in any year may not;
20 ~~however,~~ exceed the tax obligation of the developer for that year, and the time period for tax crediting
21 is limited to the productive life of the mining operation.

22 (6) An affected school district shall provide for tax crediting according to the following procedure:

23 (a) In each year after the commencement of mining when impact revenue exceeds impact costs:

24 (i) the school district shall divide its anticipated property tax revenue by the mill levy of its
25 jurisdiction for the year immediately preceding commencement of mining operations to arrive at a base
26 taxable valuation and shall inform the department of revenue of the base valuation;

27 (ii) the department of revenue shall reduce the taxable valuation of the large-scale mineral
28 development that prepaid property taxes by the amount by which the total taxable value of the taxing
29 jurisdiction, including the mineral development's property that exceeds the taxable value determined under
30 subsection (6)(a)(i), but not by an amount that is greater than the taxable value of the property, or by an

1 amount that would leave insufficient valuation to pay for impact costs paid for through property tax
2 revenue or by an amount that would cause the school district to increase its levy.

3 (b) The reduction in taxable value, if any, determined under subsection (6)(a)(ii) times the mill levy
4 used in subsection (6)(a)(i) equals the property tax prepayment credit allowed to the large-scale mineral
5 developer for that tax year for the affected school district.

6 (c) The procedure established in subsection (6)(a) must continue year to year until the total credit
7 allowed the person who prepaid property taxes equals the total property tax prepaid.

8 (d) The calculation in subsection (6)(a) and the reduction in taxable valuation provided for in
9 subsection (6)(b) may be carried out on a fund-by-fund basis if more appropriate to the credit owed."

10

11 **Section 4. Section 90-6-310, MCA, is amended to read:**

12 **"90-6-310. Local government facility impact bonds. (1) When the need for the construction,**
13 **renovation, improvement, or acquisition of local government facilities as a result of the large-scale mineral**
14 **development is determined under 90-6-307, the owners of a large-scale mineral development may enter**
15 **into a written agreement with the local government unit having the burden for the increased capital and**
16 **operating costs expected to be incurred by the facilities. The local government unit may execute a written**
17 **agreement with the owner of a large-scale mineral development for the issuance of any special industrial**
18 **local government facility impact bonds provided for in this section.**

19 **(2) The agreement with the owners of a large-scale mineral development ~~shall~~ must provide for**
20 **a payment guarantee through a third-party financial institution, in addition to the taxes imposed by the**
21 **local government unit on property owners generally, of the principal and interest on the bonds provided**
22 **for in this section. Payment will then be made by an annual special tax levy on the property of the**
23 **large-scale mineral development sufficient to retire the principal and interest on these special impact**
24 **bonds. The bonds ~~shall~~ may not be an obligation of the local government unit, but ~~shall~~ must be special**
25 **obligations limited to the revenue derived from the special tax levy. A local government unit shall establish**
26 **a levy and, to the extent bonds are issued as provided in this section, shall pledge the special fund and**
27 **all ~~revenues~~ revenue of the special tax levy to the repayment of the bonds.**

28 **(3) The debt limits set forth in 7-7-2203, 7-7-4201, and 20-9-406 do not apply to bonds issued**
29 **in accordance with this section. The interest on ~~such the~~ bonds ~~shall~~ is not be subject to state taxes.**

30 **(4) The impact bonds ~~shall~~ must be authorized by the governing body of the local government unit**

- 1 by a resolution that states:
- 2 (a) the facility for which the bonds are issued;
- 3 (b) the amount of the bonds;
- 4 (c) the rate of interest the bonds bear;
- 5 (d) the date of the bonds and the maturity date or dates of the bonds;
- 6 (e) the dates interest is payable on the bonds;
- 7 (f) the redemption options, if any, with respect to the bonds; and
- 8 (g) the manner of execution of the bonds.
- 9 (5) The impact bonds ~~shall~~ must be:
- 10 (a) in registered form as to principal and interest;
- 11 (b) payable in installments and at times not exceeding 30 years from their date of issuance; and
- 12 (c) payable at a place or places and be evidenced in a manner the governing body determines is
- 13 in the best interest of the local government unit.
- 14 (6) Any impact bonds issued under the authority of this section may be sold at public or private
- 15 sale in a manner, at a time or times, and at a price above or below par as may be determined by the
- 16 governing body of the local government unit. All expenses, premiums, and commissions that the local
- 17 government unit considers necessary or advantageous in connection with the authorization, sale, and
- 18 issuance of the bonds may be paid by the governing body of the local government unit from the proceeds
- 19 of the sale of the bonds.
- 20 (7) If more than one local government unit adopts a resolution to issue impact bonds, the local
- 21 government units may enter into an interlocal agreement under 7-11-101 through 7-11-105, 7-11-107,
- 22 and 7-11-108, providing for the issue of impact bonds of the local government units to be combined in
- 23 a single offering, if the governing body of each local government unit authorizing the bonds determines
- 24 that the pooling of bonds:
- 25 (a) is in the best interest of the local government units;
- 26 (b) will facilitate the sale of the bonds under more advantageous terms;
- 27 (c) will lower the interest rates; or
- 28 (d) will lower the cost of issuance.
- 29 (8) In addition to the specific requirements of 7-11-105, the interlocal agreement ~~shall~~ must
- 30 provide:

1 (a) that the bond titles ~~shall~~ must denote that impact bonds of different local government units
2 have been pooled and ~~shall~~ must refer to each local government unit executing the interlocal agreement;

3 (b) for a single debt service fund, to be held by a qualified trust company, to which each local
4 government unit shall pledge and pay the annual special tax levies levied against the large-scale mineral
5 development; and

6 (c) that the bonds are payable solely from and against the debt service funds under the interlocal
7 agreement."

8

9 **Section 5.** Section 90-6-331, MCA, is amended to read:

10 "**90-6-331. Fund transfer.** (1) ~~On July 1, 1990, and prior~~ Prior to each October ~~1 thereafter~~ 31,
11 all money segregated by county in the hard-rock mining impact trust account following allocation to the
12 hard-rock mining impact trust reserve account established in 90-6-304(2) as of September ~~1~~ 30
13 immediately preceding must be transferred to the county for which the funds have been held in deposit.
14 The funds ~~so~~ transferred must be deposited in the county hard-rock mine trust reserve account
15 established in 7-6-2225.

16 (2) The transfer of funds required by this section is a statutory appropriation pursuant to
17 17-7-502."

18

19 **Section 6.** Section 90-6-402, MCA, is amended to read:

20 "**90-6-402. Definitions.** As used in this part, the following definitions apply:

21 (1) "Affected local government unit" means a local government unit that will experience a need
22 to increase services or facilities as a result of the commencement of large-scale mineral development or
23 within which a large-scale mineral development is located in accordance with an impact plan adopted
24 pursuant to 90-6-307.

25 (2) "Board" means the hard-rock mining impact board established in 2-15-1822.

26 (3) "Jurisdictional revenue disparity" means property tax revenues resulting from a large-scale
27 hard-rock mineral development that are inequitably distributed among affected local government units as
28 finally determined by the board in an approved impact plan.

29 (4) "Increase in taxable valuation" of a mineral development that occurs after the issuance and
30 validation of a permit under 82-4-335 means the increase in the total taxable valuation of the mineral

1 development and, except for valuation attributable to personal property, is considered attributable to
2 property improvement.

3 ~~{4}{5}~~ "Large-scale mineral development", for the purposes of this part, is defined in 90-6-302.

4 ~~{5}{6}~~ "Local government unit", for the purposes of this part, means a county, municipality, or
5 school district.

6 ~~{6}{7}~~ "Mineral development employee" means a person who resides within the jurisdiction of an
7 affected local government unit as a result of employment with a large-scale mineral development or its
8 contractors or subcontractors.

9 ~~{7}{8}~~ "Mineral development student" means a student whose parent or guardian resides within
10 the jurisdiction of an affected local government unit as a result of employment with a large-scale mineral
11 development or its contractors or subcontractors.

12 ~~{8}{9}~~ "Taxable valuation" of a mineral development means the total of the gross proceeds taxable
13 percentage specified in 15-6-132(2) when added to the taxable percentages of real property,
14 improvements, machinery, equipment, and other property classified under Title 15, chapter 6, part 1."

15
16 **Section 7.** Section 90-6-403, MCA, is amended to read:

17 **"90-6-403. Jurisdictional revenue disparity -- conditioned exemption and reallocation of certain**
18 **taxable valuation.** (1) When an impact plan for a large-scale mineral development approved pursuant to
19 90-6-307 identifies a jurisdictional revenue disparity, the board shall promptly notify the developer, all
20 affected local government units, and the department of revenue of the disparity. Except as provided in
21 ~~this section and 90-6-404~~ and this section, the increase in taxable valuation of the mineral development
22 that occurs after the issuance and validation of a permit under 82-4-335 is not subject to the usual
23 application of county and school district property tax mill levies. This increase in taxable valuation must
24 be allocated to local government units as provided in 90-6-404. The increase in taxable valuation allocated
25 as provided in 90-6-404 is subject to the application of property tax mill levies in the local government
26 unit to which it is allocated. Revenue derived from the application of property tax mill levies by the local
27 government unit to which the valuation is allocated is considered to be attributable to property
28 improvement.

29 (2) The total taxable valuation of a large-scale mineral development remains subject to the
30 statewide mill levies and basic county levies for elementary and high school BASE funding programs as

1 provided in 20-9-331 and 20-9-333.

2 (3) The provisions of subsection (1) remain in effect until the large-scale mineral development
3 ceases operations or until the existence of the jurisdictional revenue disparity ceases, as determined by
4 the board."

5

6 **Section 8.** Section 90-6-404, MCA, is amended to read:

7 **"90-6-404. Allocation of taxable valuation for local taxation purposes.** When property of a
8 large-scale mineral development is subject to the provisions of 90-6-403, the increase in taxable valuation
9 must be allocated by the department of revenue as follows:

10 (1) ~~If the board determines that the~~ The local government unit in which the ore body or the
11 mineral deposit being mined is located ~~is not affected by the development and if this determination is~~
12 ~~shown on the impact plan, must be allocated~~ 20% of the total increase in taxable valuation of the gross
13 ~~proceeds must be allocated to that local government unit. This provision is intended to establish a~~
14 ~~minimum allocation for the units and does not prohibit proof by a unit that actual direct impacts would~~
15 ~~exceed 20% of the total impacts of the development.~~

16 (2) The increase in taxable valuation attributable to mineral development personal property being
17 moved into the geographic area of the local government unit is excluded from the allocation of mineral
18 development taxable valuation required by this part.

19 ~~(2)(3)~~ (3) The remaining increase in taxable valuation of the mineral development must be allocated
20 between affected counties and affected municipalities according to the following formula based on the
21 place of residence of mineral development employees:

22 (a) A portion, not to exceed 20%, to affected municipalities, based on that percentage of the
23 total number of mineral development employees that reside within municipal boundaries. The taxable
24 valuation allocated to affected municipalities must be distributed to each municipality according to its
25 percentage of the total number of mineral development employees who reside within municipal
26 boundaries. That portion of the taxable valuation distributed to a municipality pursuant to this section is
27 subject to the same county mill levy as other taxable properties located in the municipality.

28 (b) The remaining portion of the taxable valuation must be distributed to each affected county
29 according to its percentage of the total number of mineral development employees that reside within the
30 county.

~~(3)~~(4) The increase in taxable valuation equal to that subject to subsection ~~(2)~~ (3) must be distributed pro rata among each affected high school district according to the percentage of the total number of mineral development high school students that reside within each district.

~~(4)~~(5) The increase in taxable valuation equal to that subject to subsection ~~(2)~~ (3) must be distributed pro rata among each affected elementary school district according to the percentage of the total number of mineral development elementary school students that reside within each district.

~~(5)~~(6) The distribution formula specified in subsections ~~(2)~~ (3) through ~~(4)~~ (5) may be modified by an impact plan approved as provided in 90-6-307 or amended as provided in 90-6-311, if the modification is needed in order to ensure a reasonable correspondence between the occurrence of increased costs resulting from the mineral development and the allocation of taxable valuation resulting from the mineral development."

NEW SECTION. **Section 9. Contingent voidness.** If Constitutional Initiative No. 75, enacting Article VIII, section 17, of the Montana constitution, is declared invalid, then [sections 6, 7, and 8(2) of this act] are void.

NEW SECTION. Section 10. Effective date. [This act] is effective on passage and approval.

- END -

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- SB 426** **SPONSOR:** Sprague, Mike **SHORT TITLE:** Dedicate 50% of foreign capital depository for income tax relief
 REFERRED ON: 02/10/1999 **HEARD ON:** 02/18/1999
 EXECUTIVE ACTION: 02/18/1999 Bill Passed -- VOTE: 7 - 2
 FINAL DISPOSITION 04/29/1999 Chapter Number Assigned
-
- SB 441** **SPONSOR:** Christiaens, Chris **SHORT TITLE:** Revise property valuation and assessment
 REFERRED ON: 02/11/1999 **HEARD ON:** 03/02/1999
 EXECUTIVE ACTION: 03/09/1999 Bill Passed -- VOTE: 7 - 2
 FINAL DISPOSITION 06/07/1999 Chapter Number Assigned
-
- SB 444** **SPONSOR:** Mahlum, Dale **SHORT TITLE:** Exempt theaters, recreational and athletic facilities from property taxation
 REFERRED ON: 02/11/1999
 FINAL DISPOSITION 03/31/1999 (S) Missed Deadline for Revenue Bill Transmittal
-
- SB 449** **SPONSOR:** DePratu, Bob **SHORT TITLE:** Revise depreciation of pickups and SUV's
 REFERRED ON: 02/11/1999 **HEARD ON:** 02/19/1999
 EXECUTIVE ACTION: 03/02/1999 Bill Passed -- VOTE: 9 - 0
 FINAL DISPOSITION 03/31/1999 (S) Missed Deadline for Revenue Bill Transmittal
-
- SB 487** **SPONSOR:** Roush, Glenn **SHORT TITLE:** Clarify oil equipment is a class 8
 REFERRED ON: 02/13/1999 **HEARD ON:** 03/02/1999
 EXECUTIVE ACTION: 03/04/1999 Bill Passed -- VOTE: 8 - 0
 FINAL DISPOSITION 05/04/1999 Chapter Number Assigned
-
- SB 502** **SPONSOR:** Grosfield, Lorents **SHORT TITLE:** Revise laws related to hard-rock mining impacts
 REFERRED ON: 02/16/1999 **HEARD ON:** 03/05/1999
 EXECUTIVE ACTION: 03/10/1999 Bill Passed as Amended -- VOTE: 9 - 0
 FINAL DISPOSITION 04/23/1999 Chapter Number Assigned
-
- SB 509** **SPONSOR:** Grosfield, Lorents **SHORT TITLE:** Revise lodging facility use tax and allocation of proceeds
 REFERRED ON: 02/17/1999 **HEARD ON:** 03/05/1999
 TABLED ON: 03/22/1999
 FINAL DISPOSITION 03/31/1999 (S) Missed Deadline for Revenue Bill Transmittal
-

MINUTES

**MONTANA SENATE
56th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN GERRY DEVLIN**, on March 5, 1999 at
8:00 A.M., in Room 413/415 Capitol.

ROLL CALL

Members Present:

Sen. Gerry Devlin, Chairman (R)
Sen. Bob DePratu, Vice Chairman (R)
Sen. John C. Bohlinger (R)
Sen. Dorothy Eck (D)
Sen. E. P. "Pete" Ekegren (R)
Sen. Jon Ellingson (D)
Sen. Alvin Ellis Jr. (R)
Sen. Bill Glaser (R)
Sen. Barry "Spook" Stang (D)

Members Excused: None

Members Absent: None

Staff Present: Sandy Barnes, Committee Secretary
Lee Heiman, Legislative Branch

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 502, 3/1/1999; SB 509,
3/1/1999; HB 567, 3/1/1999
Executive Action: None

HEARING ON SB 502

Sponsor: SENATOR LORENTS GROSFIELD, SD 13, BIG TIMBER

Proponents: Carol Ferguson, Hard Rock Mining Impact Board
Aidan Myhre, Montana Hard Rock Mining Company

Opponents: None

Opening Statement by Sponsor:

SEN. LORENTS GROSFIELD, SD 13, Big Timber, introduced **SB 502** as a bill that came forward because of **CI-75** and has to do with prepayments of mining impacts from the Hard Rock Mining Impact Act and the concern that **CI-75** may have forced jurisdictions to pay money back to the taxpayers that was prepaid. He said that since **CI-75** is gone, he recommended the deletion of Sections 6 and 7; page 9, lines 16, 17 and 18; and Section 9. Those are the parts that deal with **CI-75**.

SEN. GROSFIELD said the rest of the bill is intended to take care of some other minor issues. He said Section 1 has to do with how the hard rock mining board gets some of its money. The board presently needs a little more money, and the counties are willing to give that up rather than have it come from the General Fund. He said another minor issue is in regard to timing and when counties receive their money, which is in Sections 2 and 5.

SEN. GROSFIELD said the most significant issue of the bill and the one that needs a little attention is on the bottom of page 4. This issue has to do with how school districts get their money. He said he carried a bill last session that dealt with this and it couldn't be done, so he dropped the bill. This is another suggested way to deal with that same issue, and it does not work either because on page 4, line 27, it talks about reducing the taxable valuation, which is not doable. He said there are people trying to figure out a Constitutional way to do this, and he asked for the committee's indulgence for a few days while they work with this. He said if it doesn't come together, Section 3 will have to be eliminated also.

Proponents' Testimony:

Carol Ferguson, Administrative Officer, Hard Rock Mining Impact Board, provided a packet of information to the committee containing a letter from Ms. Ferguson to the Taxation Committee, **EXHIBIT(1)**; a two-page information sheet from the Legislative Fiscal Analyst on Revenue Estimate System, Metal Mines Tax, **EXHIBIT(2)**; a letter from Carol Ferguson to the Chairman and Members of Legislative Appropriations Subcommittee, dated February 4, 1999, **EXHIBIT(3)**; and a graph showing the "Allocation of Metal Mines License Tax Revenues," **EXHIBIT(4)**.

Ms. Ferguson said the first issue she wanted to address is the section that has to do with the tax credit to schools. She said that in the original act there were provisions for providing tax credits through the reduction of taxable valuation of the mineral developers. That was found to be cumbersome, so the law was

changed so that the required impact plan would specify how the tax credits would be provided. However, when the school funding law changed, there was no way for the school districts to provide tax credits for prepaid taxes they had received. She said they are going to keep working on a solution to that.

Ms. Ferguson said the other issue that she wanted to mention has to do with the transfer of 1% of metal mines license tax revenues from the counties to the Hard Rock Board. She said originally the board was allocated 1.5% of the metal mines license tax revenues and the counties 25%. She said that when the board receives its 1.5% its first priority use is for its administrative and operating expenses. If there is additional revenue beyond what it actually expends, that revenue then goes into a reserve fund. She said once the reserve fund is capped at \$100,000, any additional revenue is then segregated out and goes back to the county where the taxpaying mine is located.

Ms. Ferguson said the reserve serves two statutory purposes: 1) if the actual revenue rate of 1.5% is less than the actual expenditures, money can come from the reserve to make up the deficit, and 2) it provides in itself a source of revenue under a separate appropriation if the board is called upon to adjudicate a dispute. She said that because metals prices and metal tax revenues have been very low in the last several years, the reserve has been diminished and the projections are that there will be a deficit before the end of the biennium.

Aidan Myhre, Montana Association of Hard Rock Mining Counties, said that this is a group of 13 counties where hard rock mining represents a real critical component to the counties' tax base. She said these counties recognize the valuable role of the Hard Rock Mining Impact Board in this whole equation, and although there is a reduction in the money that goes from the Hard Rock Mining Impact to the counties by 1%, the counties do support this legislation. She also submitted a letter from the Stillwater County Commissioners, Harold Blattie, Chair, **EXHIBIT(5)**.

Opponents' Testimony: None

Questions from Committee Members and Responses:

SEN. GLASER asked about a Fiscal Note, and **SEN. GROSFIELD** said that probably there is no Fiscal Note because the amount that is being discussed, the 1% shift, is something like \$10,000 per year total for all the counties. **CHAIRMAN DEVLIN** asked if it would only be an impact on counties, and **SEN. GROSFIELD** said that was correct.

SEN. ELLIS said he wasn't sure he understood the interplay between the change, which is a significant one, on page 1, line 24 and 25, and the reduction in (f) and (i) on page 2, and how those balance out. **SEN. GROSFIELD** said this is current law and it is very confusing. He said line 8 says 37.5% of 24% of 100%, and then below, it is 33.3% of 62.5% of the 24%. He said it would be easier if everything started with 100 and then referred back to that 100, in which case, on line 8, the correct number would be 9%, and on lines 12, 13 and 15, the correct number would be 5%, and so that would be 9% and 5% of 100%.

SEN. ELLIS then asked how those all relate to the percentages on page 1, and **SEN. GROSFIELD** referred to line 8, which says "not less than 37.5%," but line 10 says the rest of the money not allocated is divided 33.3, so what you've really got on line 8 is 62.5%. **Ms. Ferguson** expanded on **SEN. GROSFIELD'S** answer by using the example of a county which receives \$400,000 in tax, and 25% of that is \$100,000. 40% of that \$100,000, which goes into the trust reserve account, would be \$40,000. The remaining \$60,000 is divided into thirds, a third to the county, a third to the high schools, and a third to the elementary schools, \$20,000 each. Instead, the county will get 24% in the future. 24% of the \$400,000 is \$96,000; 37.5% of that is \$36,000, which leaves \$60,000 to divide into thirds for the county and the school districts. Assuming the same level of revenue, those counties and the school districts that have been using that one-third, one-third, one-third split are not going to be adversely affected. She said also, when the excess revenue goes back into the counties, it goes into the Hard Rock Trust Reserve account. Once the board's funding is made whole again, all of the revenue that the board receives as a result of that 1% will go back to the counties and bring that \$36,000 back up to \$40,000.

SEN. ELLIS asked, then, if the county Hard Rock Mining Trust Reserve eats the loss of money to the Hard Rock Mining Impact Trust, and that is where you get the money for that 1% difference, and **Ms. Ferguson** said that was correct.

SEN. ELLIS asked with regard to the prepaid taxes in Section 3, those taxes that have been paid by the company and are supposed to be credited back to them later, if they now cannot be credited, and **Ms. Ferguson** said it works for the counties and for the towns, but that it is for the school districts that it doesn't work because of current school funding laws.

Closing by Sponsor:

SEN. GROSFIELD closed by saying that he hoped that the school portion of the bill could be worked out.

MINUTES

**MONTANA SENATE
56th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN GERRY DEVLIN**, on March 10, 1999 at 8:00 A.M., in Room 413/415 Capitol.

ROLL CALL

Members Present:

Sen. Gerry Devlin, Chairman (R)
Sen. Bob DePratu, Vice Chairman (R)
Sen. Dorothy Eck (D)
Sen. E. P. "Pete" Ekegren (R)
Sen. Jon Ellingson (D)
Sen. Alvin Ellis Jr. (R)
Sen. Bill Glaser (R)
Sen. Barry "Spook" Stang (D)

Members Excused: Sen. John C. Bohlinger (R)

Members Absent: None

Staff Present: Sandy Barnes, Committee Secretary
Lee Heiman, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: None
Executive Action: HB 132; SB 502; SB407

EXECUTIVE ACTION ON HB 132

Motion: SEN. STANG MOVED THE AMENDMENT PROPOSED BY THE CPAS, EXHIBIT(1).

Discussion:

SEN. STANG said that the amendment proposed by the CPAs simply sets \$50 or the amount of tax due, whichever is less, as penalty for violation of tax provisions.

SEN. ELLINGSON asked if this meant that it would be \$50 plus the amount of the tax, and if the tax were \$49, the penalty would be \$49, and SEN. STANG said that was correct.

Vote: Motion carried 9-0.

Motion: SEN. DEPRATU MOVED HB013202.ALH, EXHIBIT(2).

Discussion:

SEN. DEVLIN said this amendment strikes Section 5, which deals with the treasurers publishing notice that taxes are due.

Motion carried 9-0.

Motion/Vote: SEN. DEPRATU MOVED THAT HB 132 DO PASS AS AMENDED.
Motion carried 8-1 with Stang voting no.

SEN. ELLIS volunteered to carry the bill on the floor.

EXECUTIVE ACTION ON SB 502

Motion: SEN. DEPRATU MOVED SB050201.ALH, EXHIBIT(3).

Discussion:

Mr. Heiman explained that these amendments get rid of the CI-75 provisions in SB 502.

SEN. ECK asked whether the percentages all work out in this legislation, and Mr. Heiman walked through the bill and explained that they all work together the way they should.

Vote: Motion carried 9-0.

Motion/Vote: SEN. ELLIS MOVED THAT SB 502 DO PASS AS AMENDED.
Motion carried 9-0.

EXECUTIVE ACTION ON SB 407

Motion: SEN. STANG MOVED THAT SB 407 DO PASS.

Discussion:

SEN. STANG referring to a letter from Jerry Sorensen, EQC member, dated February 17, 1999, EXHIBIT(4), said that the Environmental Quality Council put together SB 97 and requested funding as

INDEX TO BILLS IN COMMITTEE

June 30, 1999

- Committee: (H) Taxation -

04:07 PM

-
- SB 454** **SPONSOR:** Beck, Tom **SHORT TITLE:** Require state to pay Powell Co for land the state conducts farm/ranch operation
- REFERRED ON:** 03/16/1999 **HEARD ON:** 03/29/1999
- EXECUTIVE ACTION:** 04/09/1999 Bill Concurred as Amended -- VOTE: 19 - 1
- FINAL DISPOSITION** 05/04/1999 Chapter Number Assigned
-
- SB 487** **SPONSOR:** Roush, Glenn **SHORT TITLE:** Clarify oil equipment is a class 8
- REFERRED ON:** 03/08/1999 **HEARD ON:** 03/30/1999
- EXECUTIVE ACTION:** 04/09/1999 Bill Concurred as Amended -- VOTE: 20 - 0
- FINAL DISPOSITION** 05/04/1999 Chapter Number Assigned
-
- SB 492** **SPONSOR:** Grosfield, Lorents **SHORT TITLE:** Mining reclamation through RIT
- REFERRED ON:** 03/03/1999 **HEARD ON:** 03/10/1999
- EXECUTIVE ACTION:** 04/08/1999 Bill Concurred -- VOTE: 15 - 5
- FINAL DISPOSITION** 05/04/1999 Chapter Number Assigned
-
- SB 500** **SPONSOR:** Berry, Dale **SHORT TITLE:** Increase cap on fire fighter relief association disability and pensions
- REFERRED ON:** 03/02/1999 **HEARD ON:** 03/26/1999
- EXECUTIVE ACTION:** 03/30/1999 Bill Concurred as Amended -- VOTE: 13 - 7
- FINAL DISPOSITION** 05/04/1999 Chapter Number Assigned
-
- SB 502** **SPONSOR:** Grosfield, Lorents **SHORT TITLE:** Revise laws related to hard-rock mining impacts
- REFERRED ON:** 03/16/1999 **HEARD ON:** 03/31/1999
- EXECUTIVE ACTION:** 03/31/1999 Bill Concurred -- VOTE: 19 - 0
- FINAL DISPOSITION** 04/23/1999 Chapter Number Assigned
-
- SB 522** **SPONSOR:** Cole, Mack **SHORT TITLE:** Revise taxation of IRA rollover to Roth IRA
- REFERRED ON:** 03/20/1999 **HEARD ON:** 03/31/1999
- EXECUTIVE ACTION:** 03/31/1999 Bill Concurred -- VOTE: 18 - 0
- FINAL DISPOSITION** 04/14/1999 Chapter Number Assigned
-
- SB 529** **SPONSOR:** Jergeson, Greg **SHORT TITLE:** Const amd to prohibit non funded tax shifts from loc govt and schools
- REFERRED ON:** 03/27/1999 **HEARD ON:** 04/09/1999
- TABLED ON:** 04/12/1999
- FINAL DISPOSITION** 04/22/1999 (H) Died in Standing Committee
-

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN CHASE HIBBARD**, on March 31, 1999 at 8:00 A.M., in Room 437 Capitol.

ROLL CALL

Members Present:

Rep. Chase Hibbard, Chairman (R)
Rep. Kim Gillan, Vice Chairman (D)
Rep. Bob Story, Vice Chairman (R)
Rep. Gary Beck (D)
Rep. Rick Dale (R)
Rep. Bob Davies (R)
Rep. Ron Erickson (D)
Rep. Daniel Fuchs (R)
Rep. Mary Anne Guggenheim (D)
Rep. Marian Hanson (R)
Rep. Hal Harper (D)
Rep. Dan Harrington (D)
Rep. John L. Holden (R)
Rep. Verdell Jackson (R)
Rep. Scott J. Orr (R)
Rep. Bob Raney (D)
Rep. Bill Rehbein (R)
Rep. Sam Rose (R)
Rep. Trudi Schmidt (D)
Rep. Roger Somerville (R)

Members Excused: None.

Members Absent: None.

Staff Present: Donna Grace, Committee Secretary
Jeff Martin, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted:

SB 502, 3/22/1999

HB 522, 3/22/1999

Executive Action: SB 502 - Concur

SB 522 - Concur

SB 294 - Concur

SB 265 - Discussion

SB 172 - Table

SB 310 - Concur

SB 454 - Discussion

SB 172 - Remove from Table

HEARING ON SB 502

Opening Statement by Sponsor:

Sen. Lorents Grosfield, Senate District 13

{Tape : 1; Side : A; Approx. Time Counter : 1.9}

Proponents' Testimony:

Newell Anderson, Department of Commerce EXHIBIT(1)

{Tape : 1; Side : A; Approx. Time Counter : 6.5}

Aidan Myhre, Montana Association of Hard Rock Mining Counties

{Tape : 1; Side : A; Approx. Time Counter : 7.8}

Opponents' Testimony:

None.

Questions from Committee Members and Responses:

{Tape : 1; Side : A; Approx. Time Counter : 9}

Closing by Sponsor:

{Tape : 1; Side : A; Approx. Time Counter : 14}

EXECUTIVE ACTION ON SB 502

Motion/Vote:

Rep. Hanson MOVED to CONCUR. On a voice vote, the MOTION PASSED,
19 - 0.

{Tape : 1; Side : A; Approx. Time Counter : 14.8}

HEARING ON SB 522

Opening Statement by Sponsor:

Sen. Mack Cole, Senate District 4

{Tape : 1; Side : A; Approx. Time Counter : 19.5}

Proponents' Testimony:

Karen Booker, Montana Society of CPAs EXHIBIT(2)

{Tape : 1; Side : A; Approx. Time Counter : 22}

Tom Harrison, Montana Society of CPAs

{Tape : 1; Side : A; Approx. Time Counter : 24.5}

Opponents' Testimony:

None.

Questions from Committee Members and Responses:

{Tape : 1; Side : A; Approx. Time Counter : 25.6}

Closing by Sponsor:

{Tape : 1; Side : B; Approx. Time Counter : 1}

EXECUTIVE ACTION ON SB 522

Motion/Vote:

Rep. Hanson MOVED to CONCUR. On a voice vote, the MOTION PASSED,
18 - 0.

{Tape : 1; Side : B; Approx. Time Counter : 2.1}